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## GENERAL

1. Austrian views on Soviet policy--US Minister Donnelly in Vienna transmits the view of Foreign Minister Gruber that March through July will be the critical period in Europe, with Yugoslavia as the possible Soviet target. Gruber also feels that if hostilities do not break out by July and if the US and the NATO countries accelerate their defense plans, the West may not only prevent war but weaken the Soviet position within the USSR and the Satellites. Regarding Korea, Gruber remarked that US prestige would not suffer from a forced evacuation but that it would be impaired if the US yielded to Soviet and Chinese Communist political pressure to leave Korea.

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## EUROPE

2. GERMANY: Present status of German unity efforts--In an analysis of Chancellor Adenauer's reply to the Grotewohl proposal for East-West German talks on German unity, the US High Commission in Frankfurt notes that the reply, though not completely satisfactory, marks an advance in that it was agreed to by all Bundestag factions except the Communists and aligns the West German Government behind the Allied policy on German unity. In pointing out that Adenauer's reply is being interpreted as tantamount to rejection of talks "which might advance the German cause," the High Commission stresses that the Grotewohl letter and attendant Communist propaganda has made a definite impact on West Germans and has demonstrated again that with respect to German unity "blood is thicker than ideology." The High Commission adds that popular response to the Grotewohl

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proposals is further indication of the recent trend toward neutralism in West Germany and warns that the USSR will probably make every effort to exploit West German dissatisfaction with the Adenauer reply. In the Commission's view, the USSR attaches great importance to early all-German talks in order to strengthen its hand at a forthcoming Council of Foreign Ministers meeting.

3. **ALBANIA:** Anxiety spreading throughout country--US Embassy Belgrade reports that the French Legation in Tirana regards recent Albanian complaints of border violations and espionage against Greece, Italy, and Yugoslavia as an effort to lay the foundation for a possible appeal for outside assistance and to rally the Albanian public to its leaders. The French believe that these Albanian actions may explain the increase in the number of Soviet "specialists" in Albania but doubts that the Albanian Government will be successful in overcoming the opposition of the majority of the Albanian people who "delight in the government's inability to prevent frontier violations."

#### FAR EAST

4. **INDOCHINA:** Estimate of military position--A French official in Hanoi has told US Consul Blancke that he believes the battle now underway between the Viet Minh and the French will be decisive "for months to come," barring full Chinese Communist intervention. The Viet Minh, following the Chinese Communist precedent, are not concerned with occupying territory but are now set to meet and destroy the main French forces. The French official stated that General de Lattre has "accepted the challenge" and that "all chips are down," each side hoping

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to annihilate the other. The official said further that the Viet Minh have fairly strong uncommitted reserves 20 miles north of the battle lines, but he believes these are insufficient to take Hanoi if the French win the present battle. Blancke adds, "we are optimistic" but the next four days should tell.

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